WEEKLY ECONOMIC REVIEW

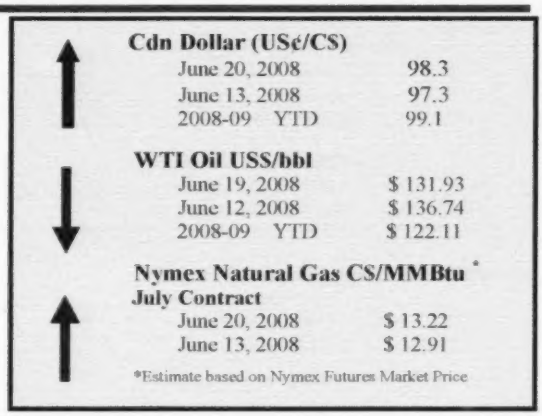
June 20, 2008

Inflation pressures continued to rise in May. Driven by high gasoline prices, Alberta's inflation rate rose half of a percentage point to 3.7%. Energy prices increased by 20.8% from May 2007. Excluding food and energy, the 12-month inflation rate was 2.1%. The national inflation rate also accelerated to 2.2%, from 1.7% in April. Prince Edward Island (4.1%) led the country with the highest inflation rate.

Shoppers in Alberta tightened their spending in April, as retail sales declined by 1.8% from March. The year-over-year growth rate moderated to 1.0%, the lowest since June 1999. This decline appears to be related to the slow down in new motor vehicles sales.

In April, Alberta recorded the biggest drop in new motor vehicles sales since June 2005, down 8.7% from March, and down 7.6% April 2007. National sales also decreased by 2.2% from the previous month for the third consecutive month, mainly as a result of lower sales in the western provinces.

Following declines for the sixth month in a row, foreigners made more trips to Canada in April, up 1.4% from the record low of 2.29 million in March. Notably, travel from the United States was up by 0.8%. Canadian travelled less to other countries, down slightly from the record high set in March.


Cdn Dollar (US¢/CS)
June 20, 2008 98.3
June 13, 2008 97.3
2008-09 YTD 99.1
WTI Oil US$/bbl
June 19, 2008 $ 131.93
June 12, 2008 $ 136.74
2008-09 YTD $ 122.11
Nymex Natural Gas CS/MMBtu *
July Contract
June 20, 2008 $ 13.22
June 13, 2008 $ 12.91
*Estimate based on Nymex Futures Market Price

According to the Chicago Mercantile Exchange, cattle futures for August delivery jumped to US$1.05 per pound, the highest level since 1986 on rising U.S. beef prices and declining herd inventories. Hog prices gained 35% this year on improved demand for U.S. pork.

Oil prices hit another intraday record high of US$139.89/bbl on Monday and held firmly above the $130 level for the week, despite the news that Saudi Arabia may boost daily production by 200,000 barrels and China will significantly raise domestic energy prices.

Driven by strong commodity prices, the Canadian dollar rose by one full cent from last week.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index (2002 = 100)	**May**			
Alberta	122.2	0.7%	3.7%	3.4%
Canada	114.6	1.0%	2.2%	1.8%
Retail Sales ($ millions)[2]	**April**			
Alberta	5,104.9	-1.8%	1.0%	3.1%
Canada	35,631.4	0.6%	4.2%	5.5%
Wholesale Trade ($ millions)[2]	**April**			
Alberta	5,419.8	0.0%	10.2%	5.0%
Canada	43,389.3	1.4%	1.1%	-0.1%

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted.